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OURGAME INTERNATIONAL HOLDINGS LIMITED

聯眾國際控股有限公司*

(a company incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 6899)

PUBLICATION OF THE 2022 INTERIM RESULTS AND FINANCIAL RESULTS FOR THE SECOND QUARTER OF ALLIED ESPORTS ENTERTAINMENT, INC.

Allied Esports Entertainment, Inc. (“**AESE**”), an indirect non-wholly owned subsidiary of Ourgame International Holdings Limited (the “**Company**”), published its interim results for the six months ended June 30, 2022 and the financial results for the three months ended June 30, 2022.

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

On August 15, 2022 (U.S. time), AESE, an indirect non-wholly owned subsidiary of the Company, published its interim results for the six months ended June 30, 2022 and the financial results for the three months ended June 30, 2022. AESE’s shares are listed on Nasdaq Stock Market.

The following summary of major financial data of AESE for the six months ended June 30, 2021 and 2022 were prepared in accordance with the Generally Accepted Accounting Principles of the United States (the “U.S. GAAP”):

	For the Six Months Ended	
	June 30,	
	2022	2021
	<i>U.S.\$</i>	<i>U.S.\$</i>
	(unaudited)	(unaudited)
Revenues		
In-person	3,332,437	1,171,914
Multiplatform content	<u>237,451</u>	<u>153,723</u>
Total Revenues	<u>3,569,888</u>	<u>1,325,637</u>
Costs and Expenses		
In-person (exclusive of depreciation and amortization)	2,889,667	1,193,110
Multiplatform content (exclusive of depreciation and amortization)	64,497	126,885
Selling and marketing expenses	131,169	128,673
General and administrative expenses	6,072,292	7,251,753
Depreciation and amortization	1,616,845	1,689,802
Impairment of digital assets	<u>164,411</u>	<u>—</u>
Total Costs and Expenses	<u>10,938,881</u>	<u>10,390,223</u>
Loss from Operations	<u>(7,368,993)</u>	<u>(9,064,586)</u>
Other Expense		
Other (expense) income, net	(79,932)	14,979
Interest income (expense), net	<u>8,777</u>	<u>(257,602)</u>
Total Other Expense	<u>(71,155)</u>	<u>(242,623)</u>
Loss from continuing operations	(7,440,148)	(9,307,209)
Income from discontinued operations, net of tax provision	<u>—</u>	<u>3,030,453</u>
Net loss	<u>(7,440,148)</u>	<u>(6,276,756)</u>

Items

	As at June 30, 2022 U.S.\$ (unaudited)	As at December 31, 2021 U.S.\$ (audited)
Total Assets	<u>97,161,909</u>	<u>105,803,672</u>
Total Liabilities	<u>5,459,492</u>	<u>7,156,865</u>
Total Stockholders' Equity	<u>91,702,417</u>	<u>98,646,807</u>

The following summary of major financial data of AESE for the three months ended June 30, 2021 and 2022 were prepared in accordance with the U.S. GAAP:

	For the Three Months Ended	
	June 30,	
	2022	2021
	<i>U.S.\$</i>	<i>U.S.\$</i>
	(unaudited)	(unaudited)
Revenues		
In-person	1,129,371	670,886
Multiplatform content	<u>28,463</u>	<u>153,723</u>
Total Revenues	<u>1,157,834</u>	<u>824,609</u>
Costs and Expenses		
In-person (exclusive of depreciation and amortization)	1,079,314	655,243
Multiplatform content (exclusive of depreciation and amortization)	43,364	126,885
Selling and marketing expenses	62,131	84,739
General and administrative expenses	2,620,422	3,338,731
Depreciation and amortization	808,233	807,843
Impairment of digital assets	<u>164,411</u>	<u>—</u>
Total Costs and Expenses	<u>4,777,875</u>	<u>5,013,441</u>
Loss from Operations	<u>(3,620,041)</u>	<u>(4,188,832)</u>
Other Expense		
Other (expense) income, net	(73,225)	(40,163)
Interest income (expense), net	<u>4,315</u>	<u>(104,496)</u>
Total Other Expense	<u>(68,910)</u>	<u>(144,659)</u>
Loss from continuing operations	(3,688,951)	(4,333,491)
Income from discontinued operations, net of tax provision	<u>—</u>	<u>1,393,411</u>
Net loss	<u>(3,688,951)</u>	<u>(2,940,080)</u>

EXPLANATION ON THE OPERATING RESULTS

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

Revenues

In-person revenues increased by approximately \$2.2 million, or 184%, to approximately \$3.3 million for the six months ended June 30, 2022, from approximately \$1.2 million for the six months ended June 30, 2021. The increase of in-person revenues was driven by (a) a \$1.1 million increase in sponsorship revenue from a new contract entered into in the first quarter of 2022, (b) a \$0.8 million increase in studio and truck rental revenue, and (c) a \$0.3 million increase in food and beverage and event revenue primarily attributable to the removal of COVID-19 pandemic-related capacity restrictions at AESE's HyperX Esports Arena in Las Vegas on June 1, 2021.

Multiplatform revenue increased by approximately \$83 thousand for the six months ended June 30, 2022, to approximately \$237 thousand for the six months ended June 30, 2022, from approximately \$154 thousand for the six months ended June 30, 2021. The increase in multiplatform revenues was the result of NFT sales, which were sold for the first time beginning in March 2022.

Costs and expenses

In-person costs (exclusive of depreciation and amortization) increased by approximately \$1.7 million, or 142%, to approximately \$2.9 million for the six months ended June 30, 2022, from approximately \$1.2 million for the six months ended June 30, 2021. In-person costs increased was in line with the increased revenues described above.

Multiplatform costs (exclusive of depreciation and amortization) decreased by approximately \$63 thousand, to approximately \$64 thousand for the six months ended June 30, 2022, from approximately \$127 thousand for the six months ended June 30, 2021. The decrease in multiplatform costs was due to higher costs in the second quarter of 2021 resulting from a new contract that did not exist in 2022.

Selling and marketing expenses increased by approximately \$2 thousand, or 2%, to approximately \$131 thousand for the six months ended June 30, 2022, from approximately \$129 thousand for the six months ended June 30, 2021. The small increase in selling and marketing expenses was driven by the increase in events for the six months ended June 30, 2022.

General and administrative expenses decreased by approximately \$1.2 million, or 16%, to approximately \$6.1 million for the six months ended June 30, 2022, from approximately \$7.3 million for the six months ended June 30, 2021. The decrease in general and administrative expenses was resulted from higher expenses during the first half of 2021 as follows: (i) \$1.1 million in legal and professional fees related to the sale of World Poker Tour (“WPT”); (ii) \$0.5 million in stock-based compensation from the issuance of director grants and restricted stock units issued to the former Chief Executive Officer (“CEO”) during the period, and (iii) \$0.3 million in corporate payroll. These decreases of payroll expense from 2021 were offset by a \$0.8 million increase in 2022 payroll expenses from a severance liability incurred in connection with the termination of AESE's former CEO.

Depreciation and amortization decreased by approximately \$0.1 million, or 4%, to approximately \$1.6 million for the six months ended June 30, 2022, from approximately \$1.7 million for the six months ended June 30, 2021.

AESE recognized an impairment in digital assets of \$164 thousand for the six months ended June 30, 2022, compared to \$0 for the six months ended June 30, 2021. The impairment loss was a result of the market price on active exchanges going below the carrying value of the digital assets. AESE did not have any Ether or other digital assets on the books for the six months ended June 30, 2021.

Other (expense) income

AESE recognized other expense of approximately \$80 thousand during the six months ended June 30, 2022, compared to \$15 thousand of other income recorded for the six months ended June 30, 2021. Other expense consists primarily of changes in the fair value of the warrant liability.

Interest income (expense)

Interest income was approximately \$9 thousand for the six months ended June 30, 2022, compared to \$257 thousand of interest expense for the six months ended June 30, 2021. The decrease in interest expense was a result of the decrease in the principal balance of notes payable and convertible notes outstanding during the period, since these debt instruments were repaid from the proceeds of the sale of WPT.

Results of Discontinued Operations

AESE recognized income from discontinued operations, net of tax, of \$0 and \$3.0 million during the six months ended June 30, 2022 and 2021, respectively, representing a decrease of \$3.0 million. The decrease was due to the sale of the WPT business on July 12, 2021.

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

Revenues

In-person revenues increased by approximately \$0.5 million, or 68%, to approximately \$1.1 million for the three months ended June 30, 2022, from approximately \$0.7 million for the three months ended June 30, 2021. The increase of in-person revenues was driven by a \$0.2 million increase in truck revenue from an agreement with NASCAR entered into in 2022, and a \$0.3 million increase in rental and food and beverage revenue primarily attributable to the removal of COVID-19 pandemic-related capacity restrictions at AESE's HyperX Esports Arena in Las Vegas on June 1, 2021.

Multiplatform content revenue decreased by approximately \$125 thousand to approximately \$29 thousand for the three months ended June 30, 2022, from approximately \$154 thousand for the three months ended June 30, 2021. The decrease of multiplatform revenues was driven by a new contract entered into in the second quarter of 2021 that did not exist in 2022.

Costs and expenses

In-person costs (exclusive of depreciation and amortization) increased by approximately \$0.4 million, or 65%, to approximately \$1.1 million for the three months ended June 30, 2022, from approximately \$0.7 million for the three months ended June 30, 2021. In-person costs increased was in line with the increased revenues described above.

Multiplatform costs (exclusive of depreciation and amortization) decreased by approximately \$84 thousand for the three months ended June 30, 2022, from \$127 thousand for the three months ended June 30, 2021. The decrease in multiplatform costs corresponded to the decrease in revenue as discussed above.

Selling and marketing expenses decreased by approximately \$23 thousand, or 27%, to approximately \$62 thousand for the three months ended June 30, 2022, from approximately \$85 thousand for the three months ended June 30, 2021. The decrease in selling and marketing expenses was driven by higher expenses in the first half of 2021 as AESE increased marketing efforts to increase awareness of the HyperX Esports Arena in Las Vegas opening to full capacity.

General and administrative expenses decreased by approximately \$0.7 million, or 22%, to approximately \$2.6 million for the three months ended June 30, 2022, from approximately \$3.3 million for the three months ended June 30, 2021. The decrease in general and administrative expenses was due to higher expenses during the first quarter of 2021 resulting from \$0.4 million higher professional fees leading up to the sale of WPT, \$0.2 million higher payroll costs related to higher corporate payroll and \$0.1 million higher in other general and administrative expenses.

Depreciation and amortization increased by approximately \$1 thousand, or 0.12%, to approximately \$809 thousand for the three months ended June 30, 2022, from approximately \$808 thousand for the three months ended June 30, 2021.

AESE recognized an impairment in digital assets of \$164 thousand for the three months ended June 30, 2022, compared to \$0 for the three months ended June 30, 2021. The impairment loss was a result of the market price on active exchanges going below the carrying value of the digital assets. AESE did not have any Ether or other digital assets on the books for the three months ended June 30, 2021.

Other expense

AESE recognized other expense of approximately \$73 thousand during the three months ended June 30, 2022, compared to \$40 thousand recorded for the three months ended June 30, 2021. The increase was a result of the change in fair value of the warrant liability in the second quarter of 2022.

Interest income (expense)

Interest income was approximately \$4 thousand for the three months ended June 30, 2022 compared to \$104 thousand of interest expense for the three months ended June 30, 2021. The decrease in interest expense was a result of the decrease in the principal balance of notes payable and convertible notes outstanding during the period since these debt instruments were repaid from the proceeds of the sale of WPT.

Results of Discontinued Operations

AESE recognized income from discontinued operations, net of tax, of \$0 and \$1.4 million during the three months ended June 30, 2022 and 2021, respectively, representing a decrease of \$1.4 million. The decrease was due to the sale of the WPT business on July 12, 2021

The financial results of AESE contained in the Form 10-Q have been prepared in accordance with U.S. GAAP, which are different from the International Financial Reporting Standards that the Company uses to prepare and present its financial information. As such, the financial information in the Form 10-Q is not directly comparable to the financial results of AESE as reflected in the consolidated financial results that the Company discloses. Consequently, the Company offers no assurance that the financial results of AESE for the six months ended June 30, 2022 or any period will be the same as that to be presented in the Company's own consolidated financial results.

By order of the Board
Ourgame International Holdings Limited
Lu Jingsheng
Chief Executive Officer and Executive Director

Beijing, August 16, 2022

As at the date of this announcement, the Board comprises Mr. Lu Jingsheng as executive Director; Mr. Li Yangyang, Mr. Liu Jiang, Mr. Liu Xueming, Ms. Gao Liping and Mr. Hua Yumin as non-executive Directors, and Mr. Ma Shaohua, Mr. Zhang Li and Mr. Guo Yushi as independent non-executive Directors.

* *For identification purpose only*